



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

September 19, 2019

Richard C. Allen, Director
Western Regional Operations Group
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

STATE PLAN AMENDMENT 19-0035: SUPPLEMENTAL PAYMENTS FOR HOSPITAL
INPATIENT SERVICES

Dear Mr. Allen:

The Department of Health Care Services (DHCS) submits State Plan Amendment (SPA) 19-0035 for your review and approval. SPA 19-0035 allows a one-time supplemental payment for specified providers subject to subacute payment reductions for the eligibility period between January 1, 2014, through December 31, 2016. This SPA will make changes to California's Medicaid State Plan under Title XIX of the Social Security Act as it proposes to add Supplement 6 to Attachment 4.19-A.

No tribal consultation was required for SPA 19-0035. A Public Notice was published on June 28, 2019.

If you have any questions or need additional information, please contact Mr. John Mendoza, Chief, Safety Net Financing Division, at (916) 345-7932 or by e-mail at John.Mendoza@dhcs.ca.gov.

Sincerely,

Mari Cantwell
Chief Deputy Director
Health Care Programs
State Medicaid Director

cc: See Next Page

Mr. Richard Allen
Page 2
September 19, 2019

cc: Ms. Jacey Cooper
Senior Advisor
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Ms. Lindy Harrington
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Department of Health Care Services
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**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 9 — 0 0 35

2. STATE

California

3. PROGRAM IDENTIFICATION:

Title XIX of the Social Security Act (Medicaid)

TO: REGIONAL ADMINISTRATOR

CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2019

5. TYPE OF PLAN MATERIAL (*Check One*)☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENTCOMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION

42 C.F.R. Subpart C

7. FEDERAL BUDGET IMPACT

a. FFY 2019 \$ 34,197,634.02b. FFY 2020 \$ 102,592,902.07

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 6 to Attachment 4.19-A pages 1-2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*)

n/a

10. SUBJECT OF AMENDMENT

Supplemental Payments for Hospital Inpatient Services

11. GOVERNOR'S REVIEW (*Check One*)☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

Mari Cantwell

14. TITLE

State Medicaid Director

15. DATE SUBMITTED

September 19, 2019

16. RETURN TO

Department of Health Care Services

Attn: Director's Office

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

22. TITLE

23. REMARKS

For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

**One-time Supplemental Payment for Eligible Providers
Subject to Subacute Payment Reductions in SPA 14-001**

Effective July 1, 2019, the Department shall make a one-time supplemental payment for subacute services to Eligible Providers.

Eligible Providers

A provider shall be eligible only if the provider:

1. Participated in the Department's Hospital Quality Assurance Fee (HQAF) Program during the eligibility period;
2. Provided Medi-Cal subacute services during the 2010 calendar year and had a Medicaid inpatient utilization rate greater than 5 percent and less than 43 percent.
3. Was not a closed or converted hospital (as those terms are defined in Welfare & Institutions Code § 14169.51) at any time during the Eligibility Period; and
4. Is an enrolled Medi-Cal provider participating in the Department's HQAF Program during the Supplemental Payment Service Period.

Eligibility Period

The Eligibility Period is January 1, 2014 through December 31, 2016, inclusive.

Supplemental Payment Service Period

The Supplemental Payment Service Period is July 1, 2019 through June 30, 2020, inclusive.

Eligibility Pool

The Eligibility Pool will be an aggregate of fixed proportional supplemental payments based on an Eligible Provider's provision of Medi-Cal inpatient subacute services during the 2013 calendar year, as reflected in the state paid claims file prepared by the department on April 26, 2013.

The Eligibility Pool amount is \$209,939,291.

TN 19-0035
Supersedes
TN None

Approval Date: _____

Effective Date: July 1, 2019

Payment Methodology

1. Eligible Providers will be paid supplemental amounts for the provision of hospital subacute inpatient services for the program supplemental payment service period.
2. "Hospital inpatient services" means all services covered under Medi-Cal and furnished by Eligible Providers to patients who are admitted as hospital inpatients and reimbursed on a fee-for-service basis by the Department directly or through its fiscal intermediary. Hospital inpatient services includes outpatient services furnished by an Eligible Provider to a patient who is admitted within 24 hours of the provision of the outpatient services that are related to the condition for which the patient is admitted. Hospital inpatient services does not include professional services or services for which a managed health care plan is financially responsible.
3. The supplemental payment amounts will be in addition to any other amounts payable to Eligible Providers with respect to hospital inpatient services and will not affect any other payments to hospitals.
4. The payment amounts set forth in this Appendix are inclusive of federal financial participation.